STATE OF CONNECTICUT

House of Representatives

General Assembly

File No. 450

February Session, 2012

Substitute House Bill No. 5474

House of Representatives, April 16, 2012

The Committee on Energy and Technology reported through REP. NARDELLO of the 89th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE AUTONOMY OF THE PUBLIC UTILITIES REGULATORY AUTHORITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. Subsection (a) of section 16-2 of the 2012 supplement to
- 2 the general statutes is repealed and the following is substituted in lieu
- 3 thereof (*Effective July 1, 2012*):
- 4 (a) There shall continue to be a Public Utilities Regulatory Authority
- 5 within the Department of Energy and Environmental Protection for
- 6 administrative purposes only, which shall consist of three electors of
- 7 this state, appointed by the Governor with the advice and consent of
- 8 both houses of the General Assembly. Not more than two members of
- 9 said authority in office at any one time shall be members of any one
- 10 political party. On or before July 1, 2011, the Governor shall appoint
- 11 three members to the authority. The first director appointed by the
- Governor on or before July 1, 2011, who is of the same political party
- as that of the Governor shall serve a term of five years. The second

14 director appointed by the Governor on or before July 1, 2011, who is of 15 the same political party as that of the Governor shall serve a term of 16 four years. The first director appointed by the Governor on or before 17 July 1, 2011, who is of a different political party as that of the Governor 18 shall serve a term of three years. Any director appointed on or after 19 January 1, 2014, shall serve a term of four years. The procedure 20 prescribed by section 4-7 shall apply to such appointments, except that 21 the Governor shall submit each nomination on or before May first, and 22 both houses shall confirm or reject it before adjournment sine die. The 23 directors shall be sworn to the faithful performance of their duties. The 24 term of any commissioner serving on June 30, 2011, shall be 25 terminated.

- Sec. 2. Subsection (f) of section 16-2 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):
 - (f) The chairperson of the authority [, with the approval of the Commissioner of Energy and Environmental Protection, shall prescribe the duties of the staff assigned to the authority in order to (1) conduct comprehensive planning with respect to the functions of the authority; (2) coordinate the activities of the authority; (3) cause the administrative organization of the authority to be examined with a view to promoting economy and efficiency; (4) organize the authority into such divisions, bureaus or other units as necessary for the efficient conduct of the business of the authority; [and may from time to time make recommendations to the commissioner regarding staff and resources;] (5) for any proceeding on a proposed rate amendment in which staff of the authority are to be made a party pursuant to section 16-19j, determine which staff shall appear and participate in the proceedings and which shall serve the members of the authority; (6) enter into such contractual agreements, in accordance with established procedures, as may be necessary for the discharge of the authority's duties; (7) subject to the provisions of section 4-32, and unless otherwise provided by law, receive any money, revenue or services from the federal government, corporations, associations or individuals,

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including payments from the sale of printed matter or any other material or services; and (8) require the staff of the authority to have expertise in public utility engineering and accounting, finance, economics, computers and rate design.

Sec. 3. Section 4-67e of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2012):

The Secretary of the Office of Policy and Management shall coordinate the activity of the Commissioner of Public Health, [and] the Commissioner of Energy and Environmental Protection and the chairperson of the Public Utilities Regulatory Authority in the following: (1) The review of the authority of each agency for consistency with the policies established by section 22a-380, (2) the preparation of a memorandum of understanding, not more than six months after October 1, 1991, intended to avoid inconsistency, overlap and redundancy in requirements and authority of each agency in water conservation issues, emergency contingency plans and regulatory authority under chapters 283, 446i, 446j and 474, (3) the review of exercise of regulatory authority over water companies, as defined in section 25-32a, to determine whether inconsistency, overlap or redundancy exist in the statutory requirements or regulatory authority of such agencies under chapters 283, 446i, 446j, and 474, (4) the assessment of the necessity of a memorandum of understanding to avoid such inconsistency, overlap or redundancy, and, if determined to be necessary, the preparation of such a memorandum by July 1, 1995, and (5) the development of recommendations for legislation and amendments to regulations to implement the provisions of a memorandum of understanding prepared pursuant to this section, or for consistency with the policies established by section 22a-380. There shall be a period of public review and comment on a memorandum of understanding prior to final agreement. On or before January 1, 1995, the secretary shall submit to the joint standing committees of the General Assembly having cognizance of matters relating to public health, energy and public utilities and the environment, written

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82 findings, and any recommendations, concerning the review and

- 83 assessment conducted pursuant to subdivisions (3) and (4) of this
- 84 section.
- Sec. 4. Section 16-6b of the 2012 supplement to the general statutes is
- 86 repealed and the following is substituted in lieu thereof (Effective July
- 87 1, 2012):
- The Public Utilities Regulatory Authority [, in consultation with the
- 89 Department of Energy and Environmental Protection,] may, in
- accordance with chapter 54, adopt such regulations with respect to (1)
- 91 rates and charges, services, accounting practices, safety and the
- 92 conduct of operations generally of public service companies subject to
- 93 its jurisdiction as it deems reasonable and necessary, [. The department
- 94 in consultation with the authority may, in accordance with chapter 54,
- 95 adopt such regulations with respect to and (2) services, accounting
- 96 practices, safety and the conduct of operations generally of electric
- 97 suppliers subject to its jurisdiction as it deems reasonable and
- 98 necessary. After consultation with the Secretary of the Office of Policy
- 99 and Management, the [department] authority may also adopt
- regulations, in accordance with chapter 54, establishing standards for
- 101 systems utilizing cogeneration technology and renewable fuel
- 102 resources.
- Sec. 5. Section 16-7 of the 2012 supplement to the general statutes is
- repealed and the following is substituted in lieu thereof (Effective July
- 105 1, 2012):
- The directors and any employees of [the department assigned to]
- 107 the Public Utilities Regulatory Authority while engaged in the
- 108 performance of their duties may, at all reasonable times, enter any
- premises, buildings, cars or other places belonging to or controlled by
- any public service company or electric supplier, and any person
- obstructing or in any way causing to be obstructed or hindered any
- member or employee of the [department] authority in the performance
- of his or her duties shall be fined not more than two hundred dollars
- or imprisoned not more than six months, or both.

115 Sec. 6. Subsection (c) of section 16-245m of the 2012 supplement to 116 the general statutes is repealed and the following is substituted in lieu 117 thereof (*Effective July 1, 2012*):

- (c) The [Commissioner of Energy and Environmental Protection] Public Utilities Regulatory Authority shall appoint and convene an Energy Conservation Management Board which shall include representatives of: (1) An environmental group knowledgeable in energy conservation program collaboratives; (2) [a representative of] the Office of Consumer Counsel; (3) the Attorney General; (4) the electric distribution companies in whose territories the activities take place for such programs; (5) a state-wide manufacturing association; (6) a chamber of commerce; (7) a state-wide business association; (8) a state-wide retail organization; (9) [a representative of] a municipal electric energy cooperative created pursuant to chapter 101a; (10) [two representatives selected by the gas companies in this state; [and] (11) residential customers; and (12) the Commissioner of Energy and Environmental Protection. [Such members] The board shall include two representatives of gas companies who shall be appointed from persons selected by the gas companies. Members of the board shall serve for a period of five years and may be reappointed. Representatives of gas companies, electric distribution companies and the municipal electric energy cooperative shall be nonvoting members of the board. [The commissioner shall serve as the chairperson of the board.] The board shall elect a chairperson from its members.
- Sec. 7. Subsection (d) of section 16-245m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):
 - (d) (1) The Energy Conservation Management Board shall advise and assist the electric distribution companies in the development and implementation of a comprehensive plan, which plan shall be approved by the [Department of Energy and Environmental Protection] <u>Public Utilities Regulatory Authority</u>, to implement cost-effective energy conservation programs and market transformation

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initiatives. Such plan shall include steps that would be needed to achieve the goal of weatherization of eighty per cent of the state's residential units by 2030. Each program contained in the plan shall be reviewed by the electric distribution company and either accepted or rejected by the Energy Conservation Management Board prior to submission to the [department] authority for approval. The Energy Conservation Management Board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or otherwise to coordinate programs targeted at saving more than one fuel resource. Any costs for joint programs shall be allocated equitably among the conservation programs. The Energy Conservation Management Board shall give preference to projects that maximize the reduction of federally mandated congestion charges. The [Department of Energy and Environmental Protection authority shall, in an uncontested proceeding during which the [department may] authority shall hold a public hearing, approve, modify or reject the comprehensive plan prepared pursuant to this subsection. The decision of the authority to approve, modify or reject said plan shall not be subject to appeal.

- (2) There shall be a joint committee of the Energy Conservation Management Board and the board of directors of the Clean Energy Finance and Investment Authority. The board and the advisory committee shall each appoint members to such joint committee. The joint committee shall examine opportunities to coordinate the programs and activities funded by the Clean Energy Fund pursuant to section 16-245n with the programs and activities contained in the plan developed under this subsection to reduce the long-term cost, environmental impacts and security risks of energy in the state. Such joint committee shall hold its first meeting on or before August 1, 2005.
- (3) Programs included in the plan developed under subdivision (1) of this subsection shall be screened through cost-effectiveness testing that compares the value and payback period of program benefits to program costs to ensure that programs are designed to obtain energy savings and system benefits, including mitigation of federally

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mandated congestion charges, whose value is greater than the costs of the programs. Program cost-effectiveness shall be reviewed annually, or otherwise as is practicable, and shall incorporate the results of the evaluation process set forth in subdivision (4) of this subsection. If a program is determined to fail the cost-effectiveness test as part of the review process, it shall either be modified to meet the test or shall be terminated. On or before March 1, 2005, and on or before March first annually thereafter, the board shall provide a report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and the environment that documents (A) expenditures and fund balances and evaluates the cost-effectiveness of such programs conducted in the preceding year, and (B) the extent to and manner in which the programs of such board collaborated and cooperated with programs, established under section 7-233y, of municipal electric energy cooperatives. To maximize the reduction of federally mandated congestion charges, programs in the plan may allow for disproportionate allocations between the amount of contributions to the Energy Conservation and Load Management Funds by a certain rate class and the programs that benefit such a rate class. Before conducting such evaluation, the board shall consult with the board of directors of the Clean Energy Finance and Investment Authority. The report shall include a description of the activities undertaken during the reporting period jointly or in collaboration with the Clean Energy Fund established pursuant to subsection (c) of section 16-245n.

(4) The [Department of Energy and Environmental Protection] Public Utilities Regulatory Authority shall adopt an independent, comprehensive program evaluation, measurement and verification process to ensure the Energy Conservation Management Board's programs are administered appropriately and efficiently, comply with statutory requirements, programs and measures are cost effective, evaluation reports are accurate and issued in a timely manner, evaluation results are appropriately and accurately taken into account in program development and implementation, and information necessary to meet any third-party evaluation requirements is

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provided. An annual schedule and budget for evaluations as determined by the board shall be included in the plan filed with the [department] authority pursuant to subdivision (1) of this subsection. The electric distribution and gas company representatives and the representative of a municipal electric energy cooperative may not vote on board plans, budgets, recommendations, actions or decisions regarding such process or its program evaluations and their implementation. Program and measure evaluation, measurement and verification shall be conducted on an ongoing basis, with emphasis on impact and process evaluations, programs or measures that have not been studied, and those that account for a relatively high percentage of program spending. Evaluations shall use statistically valid monitoring and data collection techniques appropriate for the programs or measures being evaluated. All evaluations shall contain a description of any problems encountered in the process of the evaluation, but not limited to, data collection issues, and including, recommendations regarding addressing those problems in future evaluations. The board shall contract with one or more consultants not affiliated with the board members to act as an evaluation administrator, advising the board regarding development of a schedule and plans for evaluations and overseeing the program evaluation, measurement and verification process on behalf of the board. Consistent with board processes and approvals and decisions regarding [department] authority evaluation, such evaluation administrator shall implement the evaluation process by preparing requests for proposals and selecting evaluation contractors to perform program and measure evaluations and by facilitating communications between evaluation contractors and program administrators to ensure accurate and independent evaluations. In the evaluation administrator's discretion and at his or her request, the electric distribution and gas companies shall communicate with the evaluation administrator for purposes of data collection, vendor contract administration, and providing necessary factual information during the course of evaluations. The evaluation administrator shall bring unresolved administrative issues or problems that arise during

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the course of an evaluation to the board for resolution, but shall have sole authority regarding substantive and implementation decisions regarding any evaluation. Board members, including electric distribution and gas company representatives, may not communicate with an evaluation contractor about an ongoing evaluation except with the express permission of the evaluation administrator, which may only be granted if the administrator believes the communication will not compromise the independence of the evaluation. The evaluation administrator shall file evaluation reports with the board and with the [department] authority in its most recent uncontested proceeding pursuant to subdivision (1) of this subsection and the board shall post a copy of each report on its Internet web site. The board and its members, including electric distribution and gas company representatives, may file written comments regarding any evaluation with the [department] authority or for posting on the board's Internet web site. Within fourteen days of the filing of any evaluation report, the [department] authority, members of the board or other interested persons may request in writing, and the [department] authority shall conduct, a transcribed technical meeting to review the methodology, results and recommendations of any evaluation. Participants in any such transcribed technical meeting shall include the evaluation administrator, the evaluation contractor and the Office of Consumer Counsel at its discretion. On or before November 1, 2011, and annually thereafter, the board shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy, with the results and recommendations of completed program evaluations.

(5) Programs included in the plan developed under subdivision (1) of this subsection may include, but not be limited to: (A) Conservation and load management programs, including programs that benefit low-income individuals; (B) research, development and commercialization of products or processes which are more energy-efficient than those generally available; (C) development of markets for such products and processes; (D) support for energy use assessment, real-time monitoring systems, engineering studies and services related to new construction

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or major building renovation; (E) the design, manufacture, commercialization and purchase of energy-efficient appliances and heating, air conditioning and lighting devices; (F) program planning and evaluation; (G) indoor air quality programs relating to energy conservation; (H) joint fuel conservation initiatives programs targeted at reducing consumption of more than one fuel resource; (I) public education regarding conservation; and (J) demand-side technology programs recommended by the integrated resources plan approved by the Department of Energy and Environmental Protection pursuant to section 16a-3a, as amended by this act. The board shall periodically review contractors to determine whether they are qualified to conduct work related to such programs. Such support may be by direct funding, manufacturers' rebates, sale price and loan subsidies, leases and promotional and educational activities. The plan shall also provide for expenditures by the Energy Conservation Management Board for the retention of expert consultants and reasonable administrative costs provided such consultants shall not be employed by, or have any contractual relationship with, an electric distribution company. Such costs shall not exceed five per cent of the total revenue collected from the assessment.

- Sec. 8. Subsection (i) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):
- (i) The [Department of Energy and Environmental Protection]
 Public Utilities Regulatory Authority shall establish, by regulations
 adopted pursuant to chapter 54, procedures for when and how a
 customer is notified that his electric supplier has defaulted and of the
 need for the customer to choose a new electric supplier within a
 reasonable period of time.
- Sec. 9. Subsection (l) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):
- 319 (l) Each electric distribution company shall offer to bill customers on

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behalf of participating electric suppliers and to pay such suppliers in a

- 321 timely manner the amounts due such suppliers from customers for
- 322 generation services, less a percentage of such amounts that reflects
- 323 uncollectible bills and overdue payments as approved by the
- 324 [Department of Energy and Environmental Protection] <u>Public Utilities</u>
- 325 <u>Regulatory Authority</u>.
- Sec. 10. Subsection (a) of section 16-245d of the 2012 supplement to
- 327 the general statutes is repealed and the following is substituted in lieu
- 328 thereof (*Effective July 1, 2012*):
- 329 (a) The [Department of Energy and Environmental Protection] 330 Public Utilities Regulatory Authority shall, by regulations adopted 331 pursuant to chapter 54, develop a standard billing format that enables 332 customers to compare pricing policies and charges among electric 333 suppliers. The [department] authority shall adopt regulations, in 334 accordance with the provisions of chapter 54, to provide that an 335 electric supplier, until July 1, 2012, may provide direct billing and 336 collection services for electric generation services and related federally 337 mandated congestion charges that such supplier provides to its 338 customers with a maximum demand of not less than one hundred 339 kilowatts that choose to receive a bill directly from such supplier and, 340 on and after July 1, 2012, shall provide direct billing and collection 341 services for electric generation services and related federally mandated 342 congestion charges that such suppliers provide to their customers or 343 may choose to obtain such billing and collection service through an 344 electric distribution company and pay its pro rata share in accordance 345 with the provisions of subsection (h) of section 16-244c. Any customer 346 of an electric supplier, which is choosing to provide direct billing, who 347 paid for the cost of billing and other services to an electric distribution 348 company shall receive a credit on their monthly bill.
 - (1) An electric supplier that chooses to provide billing and collection services shall, in accordance with the billing format developed by the [department] <u>authority</u>, include the following information in each customer's bill: (A) The total amount owed by the customer, which

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shall be itemized to show (i) the electric generation services component and any additional charges imposed by the electric supplier, and (ii) federally mandated congestion charges applicable to the generation services; (B) any unpaid amounts from previous bills, which shall be listed separately from current charges; (C) the rate and usage for the current month and each of the previous twelve months in bar graph form or other visual format; (D) the payment due date; (E) the interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (G) the toll-free telephone number and address of the electric supplier. On or before February 1, 2012, the authority shall conduct a review of the costs and benefits of suppliers billing for all components of electric service, and report, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy regarding the results of such review.

(2) An electric distribution company shall, in accordance with the billing format developed by the authority, include the following information in each customer's bill: (A) The total amount owed by the customer, which shall be itemized to show, (i) the electric generation services component if the customer obtains standard service or last resort service from the electric distribution company, (ii) the distribution charge, including all applicable taxes and the systems benefits charge, as provided in section 16-245l, (iii) the transmission rate as adjusted pursuant to subsection (d) of section 16-19b, (iv) the competitive transition assessment, as provided in section 16-245g, (v) federally mandated congestion charges, and (vi) the conservation and renewable energy charge, consisting of the conservation and load management program charge, as provided in section 16-245m, as amended by this act, and the renewable energy investment charge, as provided in section 16-245n; (B) any unpaid amounts from previous bills which shall be listed separately from current charges; (C) except for customers subject to a demand charge, the rate and usage for the current month and each of the previous twelve months in the form of a bar graph or other visual form; (D) the payment due date; (E) the

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interest rate applicable to any unpaid amount; (F) the toll-free telephone number of the electric distribution company to report power losses; (G) the toll-free telephone number of the Public Utilities Regulatory Authority for questions or complaints; and (H) if a customer has a demand of five hundred kilowatts or less during the preceding twelve months, a statement about the availability of information concerning electric suppliers pursuant to section 16-245p.

Sec. 11. Subsection (a) of section 16-41 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July* 1, 2012):

(a) Each (1) public service company and its officers, agents and employees, (2) electric supplier or person providing electric generation services without a license in violation of section 16-245, and its officers, agents and employees, (3) certified telecommunications provider or person providing telecommunications services without authorization pursuant to sections 16-247f to 16-247h, inclusive, and its officers, agents and employees, (4) person, public agency or public utility, as such terms are defined in section 16-345, subject to the requirements of chapter 293, (5) person subject to the registration requirements under section 16-258a, (6) cellular mobile telephone carrier, as described in section 16-250b, (7) Connecticut electric efficiency partner, as defined in section 16-243v, [and] (8) company, as defined in section 16-49, (9) person who owns, operates or constructs a facility, as defined in section 16-50i, and (10) person who is engaged in the submetering of electricity or the billing thereof, shall obey, observe and comply with all applicable provisions of this title and each applicable order made or applicable regulations adopted by the Public Utilities Regulatory Authority and the Connecticut Siting Council, as applicable, by virtue of this title as long as the same remains in force. Any such company, electric supplier, certified telecommunications provider, cellular mobile telephone carrier, Connecticut electric efficiency partner, person, any officer, agent or employee thereof, public agency or public utility which the authority finds has failed to obey or comply with any such provision of this title, order or regulation shall be fined by order

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422 of the authority in accordance with the penalty prescribed for the 423 violated provision of this title or, if no penalty is prescribed, not more 424 than ten thousand dollars for each offense, except that the penalty shall 425 be a fine of not more than forty thousand dollars for failure to comply 426 with an order of the authority made in accordance with the provisions 427 of section 16-19 or 16-247k or within thirty days of such order or 428 within any specific time period for compliance specified in such order. 429 Each distinct violation of any such provision of this title, order or 430 regulation shall be a separate offense and, in case of a continued 431 violation, each day thereof shall be deemed a separate offense. Each 432 such penalty and any interest charged pursuant to subsection (g) or (h) 433 of section 16-49 shall be excluded from operating expenses for 434 purposes of rate-making.

- Sec. 12. Subdivision (3) of subsection (c) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):
 - (3) An electric distribution company providing electric generation services pursuant to this subsection shall cooperate with the [Department procurement manager of the of Energy Environmental Protection Public Utilities Regulatory Authority and comply with the procurement plan for electric generation services contracts. Such plan shall require that the portfolio of service contracts be procured in such manner and duration as the authority determines to be most likely to produce just, reasonable and reasonably stable retail rates while reflecting underlying wholesale market prices over time. The portfolio of contracts shall be assembled in such manner as to invite competition; guard against favoritism, improvidence, extravagance, fraud and corruption; and secure a reliable electricity supply while avoiding unusual, anomalous or excessive pricing. An affiliate of an electric distribution company may bid for an electric generation services contract, provided such electric distribution company and affiliate are in compliance with the code of conduct established in section 16-244h.

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Sec. 13. Subsection (a) of section 16-244m of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

- (a) On or before January 1, 2012, and annually thereafter, the of the [Department of procurement manager Energy and Environmental Protection Public Utilities Regulatory Authority, in consultation with each electric distribution company and with others at the procurement manager's discretion, including, but not limited to, a municipal energy cooperative established pursuant to chapter 101a, other than entities, individuals and companies or their affiliates potentially involved in bidding on standard service, shall develop a plan for the procurement of electric generation services and related wholesale electricity market products that will enable each electric distribution company to manage a portfolio of contracts to reduce the average cost of standard service while maintaining standard service cost volatility within reasonable levels. Each procurement plan shall provide for the competitive solicitation for load-following electric service and may include a provision for the use of other contracts, including, but not limited to, contracts for generation or other electricity market products and financial contracts, and may provide for the use of varying lengths of contracts. If such plan includes the purchase of full requirements contracts, it shall include an explanation of why such purchases are in the best interests of standard service customers.
- Sec. 14. (*Effective from passage*) The Public Utilities Regulatory Authority shall initiate a docket to review the regulation of the state's propane industry. On or before January 1, 2013, the authority shall report, in accordance with the provisions of section 11-4a of the general statutes, the findings of such docket to the joint standing committee of the General Assembly having cognizance of matters relating to energy and technology.
- Sec. 15. (*Effective from passage*) The Public Utilities Regulatory 487 Authority shall initiate a docket to review the sufficiency of natural gas

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lines in the state to supply natural gas for consumers to operate

- 489 generators. The authority shall report, in accordance with the
- 490 provisions of section 11-4a of the general statutes, the findings of such
- 491 docket to the joint standing committee of the General Assembly having
- 492 cognizance of matters relating to energy on or before February 1, 2013.
- Sec. 16. Section 16-244u of the 2012 supplement to the general
- 494 statutes is repealed and the following is substituted in lieu thereof
- 495 (Effective July 1, 2012):
- 496 (a) As used in this section:
- 497 (1) "Beneficial account" means an in-state [retail] end user of an
- 498 electric distribution company designated by a customer host in such
- 499 electric distribution company's service area to receive virtual net
- 500 metering credits from a virtual net metering facility;
- 501 (2) "Customer host" means an in-state [retail] end user of an electric
- 502 distribution company that (A) owns or leases a virtual net metering
- facility or enters into a purchase power agreement with the owner of a
- 504 virtual net metering facility, and (B) participates in virtual net
- 505 metering;
- 506 (3) "Unassigned virtual net metering credit" means in any given
- 507 electric distribution company monthly billing period, a virtual net
- 508 metering credit that remains after both the customer host and its
- 509 beneficial accounts have been billed for zero kilowatt hours related
- 510 solely to the generation service charges on such billings through
- 511 virtual net metering;
- 512 (4) "Virtual net metering" means the process of combining the
- 513 electric meter readings and billings, including any virtual net metering
- 514 credits, for a customer host and a beneficial account through an electric
- 515 distribution company billing process related solely to the generation
- 516 service charges on such billings;
- 517 (5) "Virtual net metering credit" means a credit equal to the retail
- 518 cost per kilowatt hour the customer host may have otherwise been

519 charged for each kilowatt hour produced by a virtual net metering 520 facility that exceeds the total amount of kilowatt hours used during an electric distribution company monthly billing period; and

- (6) "Virtual net metering facility" means a Class I renewable energy source that: (A) Is [served by an] connected to the electric distribution [company] system; (B) (i) is owned or leased by a customer host or is the subject of a purchase power agreement between the owner of such Class I renewable energy source and a customer host, and (ii) serves the electricity needs of the customer host and its beneficial accounts; [(B)] (C) is within the same electric distribution company service territory as the customer host and its beneficial accounts; and [(C)] (D) has a nameplate capacity rating of two megawatts or less.
- (b) Each electric distribution company shall provide virtual net metering to its municipal customers and shall make any necessary interconnections for a virtual net metering facility. Upon request by a municipal customer host to implement the provisions of this section, an electric distribution company shall install metering equipment, if necessary. For each municipal customer host, such metering equipment shall (1) measure electricity consumed from the electric distribution company's facilities; (2) deduct the amount of electricity produced but not consumed; and (3) register, for each monthly billing period, the net amount of electricity produced and, if applicable, consumed. If, in a given monthly billing period, a municipal customer host supplies more electricity to the electric distribution system than the electric distribution company delivers to the municipal customer host, the electric distribution company shall bill the municipal customer host for zero kilowatt hours of generation and assign a virtual net metering credit to the municipal customer host's beneficial accounts for the next monthly billing period. Such credit shall be applied against the generation service component of the beneficial account. Such credit shall be allocated among such accounts in proportion to their consumption for the previous twelve billing periods.

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(c) An electric distribution company shall carry forward any unassigned virtual net metering generation credits earned by the municipal customer host from one monthly billing period to the next until the end of the calendar year. At the end of each calendar year, the electric distribution company shall compensate the municipal customer host for any unassigned virtual net metering generation credits at the rate the electric distribution company pays for power procured to supply standard service customers pursuant to section 16-244c, as amended by this act.

- (d) At least sixty days before a municipal customer host's virtual net metering facility becomes operational, the municipal customer host shall provide written notice to the electric distribution company of its beneficial accounts. The municipal customer host may change its list of beneficial accounts not more than once annually by providing another sixty days' written notice. The municipal customer host shall not designate more than five beneficial accounts.
- (e) On or before February 1, 2012, the Department of Energy and Environmental Protection shall conduct a proceeding to develop the administrative processes and program specifications, including, but not limited to, a cap of one million dollars per year apportioned to each electric distribution company based on consumer load for credits provided to beneficial accounts pursuant to subsection (c) of this section and payments made pursuant to subsection (d) of this section.
- (f) On or before January 1, 2013, and annually thereafter, each electric distribution company shall report to the department on the cost of its virtual net metering program pursuant to this section and the department shall combine such information and report it annually, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to energy.
- Sec. 17. (NEW) (*Effective October 1, 2012*) (a) There is established a Division of Enforcement within the Public Utilities Regulatory Authority that shall review and investigate any potential violations of

title 16 of the general statutes or orders made and regulations adopted by the authority or the Connecticut Siting Council pursuant to said title, including noncompliance with any order or decision issued by the authority for any docket.

(b) The division may, as it deems necessary, conduct investigations if said authority believes that any (1) public service company or its officers, agents or employees, (2) electric supplier or person providing electric generation services without a license in violation of section 16-245 of the general statutes or its officers, agents or employees, (3) certified telecommunications provider or person providing telecommunications services without authorization pursuant to sections 16-247 to 16-247f, inclusive, of the general statutes or its officers, agents or employees, (4) person, public agency or public utility, as such terms are defined in section 16-345 of the general statutes, subject to the requirements of chapter 293 of the general statutes, (5) person subject to the registration requirements under section 16-258a of the general statutes, (6) cellular mobile telephone carrier, as described in section 16-250b of the general statutes, (7) Connecticut electric efficiency partner, as defined in section 16-243v of the general statutes, (8) company, as defined in section 16-49 of the general statutes, or (9) person who owns, operates or constructs a facility, as defined in section 16-50i of the general statutes, has violated any provision of title 16 of the general statutes or any order made or regulation adopted by the authority or the council pursuant to said title, including noncompliance with any order or decision issued by the authority for any docket. The authority may conduct a hearing in aid of any investigation conducted pursuant to this section. Such hearing shall be considered a contested case. The division, pursuant to any such investigation or hearing, may administer oaths and take testimony, cause depositions to be taken, order production of books, papers and documents and issue subpoenas. If any person or entity disobeys such process or, having appeared in obedience thereto, refuses to answer any pertinent question put to such person or entity by the division or to produce any books, papers or documents pursuant thereto, the authority may apply to the Superior Court,

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setting forth such disobedience to process or refusal to answer and the court shall cite such person or entity to appear before the court to answer each such question or to produce such books, papers or documents and, upon the refusal of such person or entity so to do, the court may make such order as may be appropriate to aid in the enforcement of this section.

- (c) If the division determines, after such investigation or hearing, that such person or entity has violated any provision of title 16 of the general statutes or any order made or regulation adopted by the authority or the council pursuant to said title, or has failed to comply with any order or decision issued by the authority for any docket, the division may recommend that the authority assess a civil penalty against such person or entity pursuant to section 16-41 of the general statutes, as amended by this act, or issue any order to ensure compliance.
- (d) Not later than one year after the authority or council issues any order or decision for any docket, or after the construction of any facility constructed pursuant to a certificate issued by the council is completed, and annually thereafter, the division shall review such order, decision or facility to determine whether there has been compliance with such order, decision or certificate. If the division determines, pursuant to such review, that any person or entity has failed to comply with such order, decision or certificate it may (1) commence an investigation of such noncompliance, pursuant to this section, or (2) recommend that the authority assess a civil penalty against such person or entity pursuant to section 16-41 of the general statutes, as amended by this act.
- 647 Sec. 18. Subsection (d) of section 16a-3a of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu 649 thereof (*Effective from passage*):
 - (d) The integrated resources plan shall consider: (1) Approaches to maximizing the impact of demand-side measures; (2) the extent to which generation needs can be met by renewable and combined heat

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and power facilities; (3) the optimization of the use of generation sites and generation portfolio existing within the state; (4) fuel types, diversity, availability, firmness of supply and security and environmental impacts thereof, including impacts on meeting the state's greenhouse gas emission goals; (5) reliability, peak load and energy forecasts, system contingencies and existing resource availabilities; (6) import limitations and the appropriate reliance on such imports; (7) the impact of the procurement plan on the costs of electric customers; and (8) the effects on participants and nonparticipants. Such plan shall include options for lowering the rates and cost of electricity. Such plan shall take into account the comprehensive plan to implement cost-effective energy conservation programs and market transformation initiatives developed pursuant to section 16-245m, as amended by this act. The Department of Energy and Environmental Protection shall hold a public hearing on such integrated resources plan pursuant to chapter 54. [The commissioner may approve or reject such plan with comments.] The commissioner, in consultation with the Public Utilities Regulatory Authority, shall identify any provision of the integrated resources plan that impacts rates. The authority shall hold a public hearing, pursuant to chapter 54, concerning any such provision. After such hearing, the authority shall approve or reject any such provision. The commissioner may approve or reject with comments any other provision of the integrated resources plan.

Sec. 19. Section 16-5 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Misconduct, material neglect of duty, incompetence in the conduct of his office or active participation in political management or campaigns by any [commissioner] director of the Public Utilities Regulatory Authority shall constitute cause for removal. Such removal shall be made only after judgment of the Superior Court rendered upon written complaint of the Attorney General. The Attorney General may file such complaint in his discretion and shall file such complaint if so directed by the Governor. Upon the filing of such complaint, a

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rule to show cause shall issue to the accused, who may make any proper answer within such time as the court may limit and shall have the right to be heard in his own defense and by witnesses and counsel. The procedure upon such complaint shall be similar to that in civil actions, but such complaint shall be privileged in order of trial and shall be heard as soon as practicable. If, after hearing, the court finds cause for removal, it shall render judgment to that effect, and thereupon the office of such [commissioner] director shall become vacant.

Sec. 20. (NEW) (Effective from passage) There is established a Division of Adjudication within the Public Utilities Regulatory Authority. The staff of the division shall include, but not be limited to, hearing officers appointed pursuant to subsection (c) of section 16-2 of the general statutes. The responsibilities of the division shall include, but not be limited to, hearing matters assigned under said subsection and advising the authority concerning legal issues. The authority shall appoint such hearing officers pursuant to section 16-2 of the general statutes, as amended by this act, and assign such other staff as are necessary to advise the authority.

This act shall take effect as follows and shall amend the following					
sections:					
Section 1	July 1, 2012	16-2(a)			
Sec. 2	July 1, 2012	16-2(f)			
Sec. 3	July 1, 2012	4-67e			
Sec. 4	July 1, 2012	16-6b			
Sec. 5	July 1, 2012	16-7			
Sec. 6	July 1, 2012	16-245m(c)			
Sec. 7	July 1, 2012	16-245m(d)			
Sec. 8	July 1, 2012	16-244c(i)			
Sec. 9	July 1, 2012	16-244c(l)			
Sec. 10	July 1, 2012	16-245d(a)			
Sec. 11	July 1, 2012	16-41(a)			
Sec. 12	July 1, 2012	16-244c(c)(3)			
Sec. 13	July 1, 2012	16-244m(a)			
Sec. 14	from passage	New section			

Sec. 15	from passage	New section
Sec. 16	July 1, 2012	16-244u
Sec. 17	October 1, 2012	New section
Sec. 18	from passage	16a-3a(d)
Sec. 19	from passage	16-5
Sec. 20	from passage	New section

Statement of Legislative Commissioners:

In section 16(a)(2) "or enters into a purchase power agreement with the owner of a virtual net metering facility" was inserted for consistency with section 16 (a)(6).

ET Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Department of Energy and	CC&PUCF - Cost	335,153	446,870
Environmental Protection			

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact: None

Explanation

The bill establishes enforcement and adjudication divisions in the Public Utilities Regulatory Authority (PURA). It is expected to require one supervisory engineer, with an annualized salary of \$85,000 (plus fringe benefits of \$58,336), two support engineers with annualized salaries of \$65,000 each (plus fringe benefits of \$44,610 each) and one finance specialist with an annualized salary of \$50,000 (plus fringe benefits of \$34,315). In FY 13, it is expected to cost \$335,153 to implement the divisions for nine months of the year.

The bill also transfers various responsibilities and powers from the Department of Energy and Environmental Protection to PURA and requires the Office of Policy and Management to coordinate with PURA on certain water industry issues. These provisions have no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis sHB 5474

AN ACT CONCERNING THE AUTONOMY OF THE PUBLIC UTILITIES REGULATORY AUTHORITY.

SUMMARY:

Under current law, the Pubic Utilities Regulatory Authority (PURA), which has jurisdiction over most utility-related matters, is part of the Department of Energy and Environmental Protection (DEEP). This bill (1) places PURA within DEEP for administrative purposes only and (2) transfers various responsibilities and powers from DEEP to PURA. The bill modifies what must be considered in developing the integrated resources plan (IRP), under which electric companies meet projected demand through a mix of efficiency programs and electric generation. It requires PURA to approve part of the plan; under current law DEEP has sole responsibility for this.

The bill (1) expands the entities subject to PURA jurisdiction and (2) requires these entities and those already under PURA's jurisdiction to obey the orders of PURA and the Siting Council, as applicable. The bill also establishes enforcement and adjudication divisions in PURA.

The bill requires the Office of Policy and Management secretary to coordinate with the PURA chairperson on various water industry issues that fall within the jurisdiction of multiple agencies.

The bill requires PURA to conduct two proceedings, one on natural gas lines and one on the regulation of the propane industry.

By law, municipalities that own renewable generating equipment can transfer the billing credit they receive for the power the equipment generates to other electric company accounts ("virtual net metering"). The bill extends this provision to power produced by equipment (1)

leased by the municipality or (2) that is the subject of a purchased power agreement between the municipality and the equipment's owner.

Lastly, the bill makes minor, conforming, and technical changes.

EFFECTIVE DATE: Upon passage for the PURA proceedings, the IRP and adjudication division provisions, and a technical change; October 1, 2012 for the enforcement division provisions; and July 1. 2012 for the remaining provisions.

§§ 2, 4, 6-10, 12, & 13 — TRANSFERS FROM DEEP TO PURA

Responsibilities

The bill transfers, from DEEP to PURA, the responsibility to:

- 1. appoint and convene the Energy Conservation Management Board (ECMB);
- 2. review and approve electric companies' conservation plans;
- 3. adopt an independent, comprehensive evaluation, measurement, and verification process to ensure the ECMB's programs are administered appropriately and efficiently;
- 4. adopt regulations specifying when and how a customer is notified that his electric supplier has defaulted and the customer's need for the to choose a new supplier;
- 5. approve the amount an electric company that bills customers on behalf of a supplier can retain to reflect uncollectible bills and delinquencies; and
- 6. adopt regulations regarding billing by suppliers and establish billing formats.

The bill also requires ECMB to elect its chairperson from its members; under current law the DEEP commission serves as chair. It

requires PURA to hold a hearing on electric company conservation plans; current law allows DEEP to do so. It specifies that PURA's decision to approve, reject, or modify the plan is not subject to appeal.

Regulations

The bill allows PURA, rather than DEEP, to adopt regulations on (1) electric suppliers' services, accounting, safety, and operations and (2) standards for systems utilizing cogeneration technology and renewable fuel resources. The bill eliminates a requirement that PURA consult with DEEP in adopting regulations on utility company rates, charges, services, accounting practices, safety, and operations.

Staffing

Under current law, the PURA chairperson can (1) make recommendations to the DEEP commissioner regarding staff and resources and (2) with his approval, specify the staff's duties. The bill instead requires the chairperson to specify the staff's duties, without reference to the commissioner. It also refers to the staff as PURA, rather than DEEP, employees.

By law, (1) electric companies must provide standard service to small and medium size customers who do not choose a supplier and (2) a procurement manager must procure power for this service. Current law has conflicting provisions as to whether the manager's position is in PURA or DEEP; the bill specifies that it is in PURA.

§ 11 — PURA AND SITING COUNCIL JURISDICTION AND ORDERS

By law, entities in PURA's jurisdiction must obey its orders. The bill requires these entities and those that (1) are regulated by the Connecticut Siting Council and (2) install and operate submetering systems (which are used in facilities such as marinas) and engage in related billing activities to obey the orders of PURA and the Siting Council, as applicable. By law, violations of PURA orders and regulations are generally subject to a civil penalty of up to \$10,000 per offense per day. The bill extends this penalty to (1) the entities

regulated by the Siting Council and those engaged in submetering related activities and (2) violations of Siting Council orders and regulations.

§ 18 — INTEGRATED RESOURCES PLAN

The bill requires the IRP to take into account electric companies' conservation plans.

Under current law, the DEEP commissioner may approve or reject the IRP with comments, after holding a pubic hearing. The bill instead requires the commissioner, in consultation with PURA, to identify any provision of the plan that affects rates. It requires PURA to hold a hearing on these provisions. After the hearing, PURA must approve or reject these provisions. The commissioner may approve or reject with comments any other provision of the plan.

§ 17 — PURA ENFORCEMENT DIVISION

The bill establishes an enforcement division in PURA to review and investigate potential violations of (1) the laws governing utilities and related entities (other than those dealing with submetering) and (2) PURA and Siting Council orders and regulations, including noncompliance with any PURA order or decision issued in a docket.

The bill allows this division to conduct investigations and hearings if PURA believes that any entity under its or the Siting Council's jurisdiction has violated the relevant law or a PURA order or decision. In addition to utilities, entities under PURA's jurisdiction include, among others, electric suppliers, telecommunications companies, and firms subject to the Call Before You Dig law. The Siting Council has jurisdiction over firms that develop energy and telecommunications facilities.

If the division determines, after an investigation or hearing, that the person has violated the law or a PURA or Siting Council order or regulation, or has failed to comply with any PURA order or decision, the bill allows the division to recommend that PURA assess a civil penalty under its existing powers.

Within one year after PURA or the Siting Council issues an order or decision for any docket, and annually thereafter, the division must review it to determine whether it has been complied with. If the division determines that any person or entity has failed to comply with the order or decision, it may (1) begin an investigation of the noncompliance or (2) recommend that PURA assess a civil penalty under its existing authority.

§ 20 — ADJUDICATION DIVISION

The bill establishes an adjudication division in PURA. The staff of the division must at least include PURA's hearing officers. The division's responsibilities include hearing matters assigned to the hearing officers and advising PURA on legal issues. PURA must appoint the hearing officers as provided under current law and assign other staff as are needed to advise it. The Department of Public Utility Control, PURA's predecessor, had a similar unit.

§§ 14 & 15 — PURA PROCEEDINGS

The bill requires PURA to conduct proceedings to review (1) the sufficiency of natural gas lines in the state to supply gas for consumers to operate generators and (2) the regulation of the propane industry. PURA must report its findings to the Energy and Technology Committee on these issues by February 1, 2013 and January 1, 2013, respectively.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute Yea 21 Nay 0 (03/28/2012)